Measuring Governance in the Sphere of Local Government: 
Issues and Challenges in the Information Age

By Ramachandran and Sean Ang

The paper aims to discuss the issues and challenges in institutionalizing measurement aspects of governance in the sphere of local government. We acknowledged that the Internet brings structural changes to all forms of governance systems. The Internet revolution has and will continue to transform the political landscape of local politics in Malaysia. Local governments need to realign its roles, responsibilities and functions accordingly to be relevant in the information age. This requires not only ICT as an enabler but more important the mindset readiness of the local authorities and the public for the e-revolution. The traditional form of governance often termed as the “Decision Making Black Box” is no longer tenable in the information age. Instead it will be replaced by electronic form of governance which focuses good governance variables such as participation, transparency, effectiveness and efficiency. The emergence of the local networked society in the new equilibrium will not only demand good governance practices but also the monitoring and benchmarking of all local efforts in enhancing governance. This paper suggests implementing various measurement modules covering the service provider, the recipient and stakeholders as well as strategic partners.

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1. INTRODUCTION

1.1 This paper aims to investigate the issue of measuring governance at the local government level especially in the context of information age. It is an age, which Internet said to be marking the beginning of information era for a country or society. The premise is Internet connects information nodes, knowledge nexus and networks people and institutions irrespective of geography and time. Furthermore, when Internet is linked to other traditional information and communication technology (ICT) products and services such as radio, television, fax, cellular phone et cetera, the scope and coverage of access to information, communication, knowledge, entertainment and networking (ICKEN) is proliferating at a dramatic rate that is unprecedented in the human civilization. The ICKEN contents that traditionally confined to basic texts, numbers, graphics and non-interactive features are embracing great enhancements. Contents are produced, manipulated and distributed increasingly for a fee or free in multimedia forms featuring audio and video animation, three dimensional, interactive and manipulative characteristics. The advent of MODEM that converts analog data to digital signals and vice versa. Emergence of powerful and high-end software programming languages such as C++, JAVA etc enable the convergence of various information and communication technologies and content development, giving rise to era of multimedia technology. Nonetheless, the key element in the contemporary ICT is on line connectivity and real time interactivity modes that Internet offers. These two features simply enable people and institutions inter-wined with Internet driven ICT and allows people and institutions increasingly becoming “micro-chips” in the current information communication system where information can flow in and out of a node or nexus at anytime and anywhere. As such, the major human dimensions are undergoing cataclysmic change; social, economic and political dimensions. Each comes with its own set of opportunities and challenges (Shariffadeen, 2000).

2. RATIONALE FOR MEASURING GOVERNANCE

2.1 The implications of Internet based ICKEN are so profound, ubiquitous and pervasive the validity of traditional governance is becoming questionable. The rights, roles, rules, regulations, decision-making processes, working procedures and institutional hierarchies have begun blurring with new way of doing things. Consequently, the ways individual, societies and organizations communicate, interact, do business transactions and delivery of goods and services, network and learn accordingly have begun to embrace structural changes at work, play and home. In some instances, the traditional governance system is perceived to fast becoming irrelevant and obsolete and warrants the attention of public policy formulators and development practitioners.

2.2 The new phenomenon paves ways for new opportunities. In social political domains the Internet facilitates and tempts or ‘compels’ greater participation of individuals, communities, societies and organizations in public processes that are beyond the reach of many in the past. For instance, everyday the Netscape website hosts one question mostly on current or ‘burning’ issues and solicits feedback and response from global cum net citizens. More pertinently, the website provides instantaneous results on the outcome of the one question survey, demonstrating the people power that the new technology can garner in soliciting opinions and feedback. Indeed, such practice constitutes a simplest form of global governance. Similarly, in the business world the Internet opens the borders to gain access to global market through e-commerce activities. The new form of trading opportunities tends to
include intellectual capital to join the ranks of traditional factors of production, creates value added enhancements in the production and distribution of goods and services and expands the inter and intra business partners. Complementing the social, political and economic developments, Internet also creates and nurtures life long learning opportunity. In particular, distance learning enables students and working individuals to gain access to vast education opportunities of their choice within and across countries.

2.3 Nonetheless, the Internet is not without negative implications and challenges. The greatest challenge in the economic domain is the ‘hollowing effect’ which will happen when developing nations unprepared for the Internet way of performing tasks and consequently the tendency is poor nations will become poorer when wealth flows to richer blocs in proliferated manner like Asian crisis of 1997. The emerging info-rich and info-poor further accentuates the current disparity, divides and differentials that have not been fully sorted out by development practitioners. Urban rural disparity, differing standards of living of various ethnic groups, regional variation and income differential are still key development issues, not only in Malaysia but also in many developing nations. Therefore, if no concerted effort is made to response to emerging changes in the social, political and economic domains the productivity of workforce and the competitiveness of nation and firm will be at stake; the efficiency, effectiveness and responsiveness of delivery and transaction of public services will become incompetent; the development of inclusive and participative society will be dampened and more so sustainable development and quality of life. Recognizing the implications and challenges of the new technology, among many other things the issue of changing governance system also warranted the attention of public policy formulators who not only felt the need for formulating strategies and programmes but also the measurement aspect.

2.4 The issue of governance is not new. Indeed, it is an age-old subject matter dating back to birth of great civilizations - Nile of Egypt, Euphrates and Tigris of Babylon, Mahenjodaro and Harappa of Indus River, Yellow River of China, Mayan of South America, Greek, Media-Persia and Roman Empire, records few. Furthermore, history records that the birth of great civilizations marks the beginning of organized societies and institutions. It tells how individuals, families, communities and societies as well as supporting institutions are basically organized and governed in a systematic way. The governance structure and framework that a country or society has adopted or practiced very much inclined to the local needs and demands as per to social, economics and political fabrics. Even within a country the form of system of governance may differ from one entity or administrative unit to another.

2.5 The system of governance was evolutionary over the years. In particular, the system of governance that is in practice now is shaped by agricultural and industrial orders that started during the Renaissance periods. Indeed, it is the agricultural and industrial revolutions of renaissance periods, when great change in the organization of the work and production that was began in the second half of the eighteenth century, especially in England (Charles 1991) has brought about the modern governance system. Prior to that, the contribution of ancient civilizations towards the contemporary system of governance was significant but incremental. In the ancient times the impact and influence of one society’s way of life to another was limited due to geographical constraints. Moreover, great civilizations emerged at different times in the history and the learning and interactions among them were constrained by lack of systematic, efficient and effective ways for information cum knowledge flow and exchange.
But, today the whole governance system within and across borders is at cross road embracing for change in the wake of information age era.

2.6 The Internet phenomena commercially started in early 1980s in the United States. In Malaysia the Internet gained footage in 1992 when JARING became the first Internet Service Provider (ISP) for the public. Since then, the growth of Internet has become so phenomenal, ubiquitous and pervasive in all spheres of life. The proliferation is occurring at an exponential rate especially after mid 90’s when almost all countries in the world have embraced Internet technology. The graph shown in the diagram I below supports this claim by illustrating the growth of Internet host counts, a leading surrogate measure for information age phenomena. In order to harness the new challenges in an orderly manner, besides formulating policies and programmes, among many others, measuring governance has become imperative in public policy work today. But, the challenge is the measurement aspect of governance is relatively new, especially in the arena of official statistics. Literature reviews showed that some work has been done at academic level focusing on specific aspects of governance. For instance, measuring corruption has been very popular activity (Valadimir Papav, 2000; Joel S. Hellman et al 2000).

<table>
<thead>
<tr>
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<th></th>
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<td>562180000</td>
<td>93047785</td>
<td>125888197</td>
<td>147344723</td>
</tr>
</tbody>
</table>

Source: http://www.nw.com/zone/WWW/top.html

3. WORKING DEFINITION OF GOVERNANCE

3.1 Many have defined governance in different ways. Some of the definitions are as follows:-

“Governance may be defined as the exercise of authority, control, management, power of government. In more specific terms, it may refer to “the manner in which power is exercised in the management of a country’s economic and social resources for development (World Bank, 1992)”.

Osborne and Gaebler (1992) defines governance in a more expansive manner as “the process by which we collectively solve our problems and meet our society’s needs. Thus, governance is not simply about the manner in which the government conducts its business in its own sphere. It tells how well government has encouraged, facilitated and shaped the participation of civil society and private sector not only in service delivery but also in the evaluation and monitoring of government performance itself.”

Governance is a complex concept that includes the state’s institutional and structural arrangements, decision-making processes, implementation capacity and the relationship between government officials and the public (Landell-Mills and Serageldin 1992).
Governance is broadly defined as the continuous exercise of authority over and the performance of function for a political unit (Paderanga, 1996).

Root (1995) offers a more lucid definition of governance: “the capacity of the institutional environment in which citizens interact with each other and with government agencies”.

Source: Indicators of Good Governance: Developing an Index of Governance Quality at the LGU Level

3.2 There could be many other definitions on governance, which requires further search and surf. However, the important thing to take note in a definition is it must be generic so that it can be effectively utilized to develop statistical criteria. Otherwise, lack of clarity and distinction in the definitions will lead to ambiguous meanings and bias results especially when scope and coverage is inadequate. The above five sample definitions on governance are government centric and presumably preclude non-governmental sectors; definition (i) emphasizes the “power”; (ii) focuses on the “process”; (iii) entails “tri-sectoral” participation; (iv) and (v) emphasize institutional arrangements and environment. In other words, the above definitions lack comprehensiveness in meaning.

3.3 Recognizing the need for a comprehensive definition, the paper attempts the definition of governance as: “a system of laws, regulations, processes, procedures, norms, standards, roles, rights, responsibilities, rules, authority, power, empowerment and leadership that functionally relates people and formal entities”. The term people in the definition refers to individuals or collection of individuals like family, community and society; while formal entities cover public agencies, private sector establishments and non-profit or non-governmental organizations that have elements of statutory registration.

4. TRADITIONAL GOVERNANCE MODEL IN MALAYSIA

4.1 Traditionally the interrelationship between various domains of governance is constrained by “power structure and hierarchy” prevalence in a society. In Malaysia the evolution of governance at macro level is viewed in the context of government’s dealing with private and not-for-profit sectors. This is simply because like in many developing countries in Malaysia most of the development programmes and initiatives in social, economy and political domains is top-down driven. On this context, the evolution of governance in Malaysia is seen from public sector leadership. The diagram II below briefly illustrates the evolution of three-sector participation in nation building, in particular after the nation had gained independence in 1957.

4.2 In the 1960’s when the country’s economic thrust was agriculture, the tri-sectoral participation in public processes was very limited. Since 1970’s, the economic emphases shifted to industrial programme, which registered a closer cooperation between public and private sector participation through Malaysia incorporated and privatization programme. Indeed, this period also registered increased participation of not-for-profit sectors but on need and selective basis as per to advise, confines and control of government authority.

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1 Governance defined in Oxford Advanced Learner’s Dictionary of Current English as “act, fact, manner, of governing; sway, control” (“Govern – rule; control or direct the public affairs; control; determine or influence”) ; (“Governing – having the power or right to”).
4.3 The government control on the participation of not-for-profit sector or tertiary party was felt essential in order to facilitate the smooth implementation of New Economic Policy (NEP), which aimed at restructuring the society besides eradication of poverty. But, with the inception of Internet technology in 1992 Malaysia incrementally progressed in enhancing the greater participation of individuals and institutions in the public decision making processes. Indeed, the National Information Technology Council (NITC) in 1997 endorsed the tri-sectoral participation in governance. The NITC council, chaired by the Prime Minister and deputized by Deputy Prime Minister, itself constitute members from public, private and non-governmental organizations. The key NITC programmes such as Demonstrator Application and SJ2005 that require active public participation incorporate tri-sectoral participation as one of the programme requisites. On the other hand the incidence of public participation in political dialogues, electronic forums using traditional mass media like radio and television, searching for government related information and down loading on-line forms perceived to be increasing tremendously, though relevant statistics lacking to substantiate this claim. Nevertheless, the tri-sectoral participation in public policy formulation and decision-making processes are at embryonic stage of development.

4.4 With regard to the above conjecture, a question may prod in our mind that is the Malaysian society politically and socially is ready for tri-sectoral participation. The development practitioners are feeling that the country is still struggling with fundamental issues of ethnic and regional imbalances, perhaps lacking societal maturity to handle sensitive issues of life. While it is still a debatable political issue, one must recognize that the Internet phenomena accentuate the problem. The notion of Internet usage is enrichment in information and networking in multidimensional environment. The fundamental assumption is that the informed and networked societies have greater access for opportunities and participation as well as inclusion in the value creation activities in all spheres of life. In other words, the emerging info-rich and info-poor phenomenon if not harnessed systematically and appropriately, the new phenomena perceived to widen the urban-rural disparity, income differential, differing levels of ethnic standards of living, lopsided regional developments et cetera.

5. EMERGING CONTEMPORARY GOVERNANCE

5.1 The diagram III below illustrates the multidimensionality and possible complexity of emerging information age governance. In theoretical sense, it simply reveals that the information age governance can be more than three sectors participation. The borderless

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2 National Information Technology Council (NITC): In 1996 National Information Technology Council (NITC) was established as a think-tank and advisor to the Government of Malaysia Government on IT development (p 459, Seventh Malaysia Plan, 1996-2000) and the Prime Minister of Malaysia is the Chairman, indicating the strong political will and commitment in the agenda

3 In April 1998, with an initial allocation of RM50 million the government established the DAGS to promote community interest and community driven ICT projects. The main focus for DAGS is to undertake projects that enhance e-economy, e-community, e-public services, e-learning and e-sovereignty. The e-public services focuses on the public, private and community sectors providing people-oriented, customer-focused services electronically; e-economy targets all sectors of Malaysian economy creating value and wealth through successful participation in the emerging knowledge-driven global economy; e-community emphasizes networks of communities dynamically participating in the process of governance to enhance the quality of life of Malaysians; e-learning deals with formal and informal networks providing the opportunity and cultivating an ethos of life-long learning for individual, organizational, institutional and societal advancement; lastly, e-sovereignty focuses on citizens and institutions in enhancing national identity, integrity and societal stability in the face of borderless challenges to our sovereignty. By end of the plan period, a total of 37 projects valued at RM48 million were approved and another RM100 million has been allocated under EMP (2001-2005).

4 SJ2005: While MSC focuses on developing a totally green lung area, the government also initiated in parallel another similar programme called SJ2005. This programme is implemented in Subang Jaya municipality, constituting a highly urbanized population. The primary objective of SJ2005 programme is to transform the present live-in community into a knowledge-based smart society by the year 2005. The programme encourages projects that can enhance economic competitiveness, building digitally inclusive society and nurturing responsive, efficient and effective delivery of all form of public services. The programme explicitly encourages tri-sectoral –public, private and not-for-profit- participation in all initiatives.
phenomenon is considered as the “encounters of fourth kind” in human systems. As we know, the borderlessness increasingly penetrates the traditional ‘administrative and power’ boundaries, flattens hierarchies of communication and networking, democratizes information and empowers people for greater participation and inclusion in a society. For illustration purposes the diagram depicts the possible combinations of interactions that can possibly formed in the virtual space, if all actors and players are represented in the public processes. Believe it or not, the 9-sided dimensional space can create 623,529 possible combinations of interactivity. In two-dimensional space as shown in the front view of diagram II below involves intra and inter governance. The intra governance shown along the diagonal includes L~L, S~S,… R~R.; while, the inter governance constitute the remainder portions. It is a formidable task to study or measure all possible combinations of governance in the virtual system.

Diagram II

Prior 1960’s – Agricultural Era  1970’s onwards: Industrial Era  Mid 1990’s onwards: Information Era

Source : NITC / Governance, Modified
Diagram III:

**MULTIDIMENSIONAL GOVERNANCE MODEL**

L – Local government; S – State government; F – Federal government; P – Public; N – Not-for-profit; I – Individual; K – Family; C – Community; R – Rest of the world

5.2 Recognizing the impracticality and complexity, the paper focuses on the functionality of local government in dealing with individuals, families, and community cum societies, public agencies, and private sector and not for profit organizations as well as the rest of the world; this is represented in the first vertical column S~L, F~L to R~L cells. The intra governance represented by L~L cell that provides within interaction also considered an important aspect in measuring the local governance performance. From the onset, it can be realized the processes involved in each of these inter and intra domain activities can be of
varying degree and complex. For instance, how minutes of meeting are circulated within local government office, local government office handling the projects approval processes and of minor importance, how well the local government office staff is involved in social activities outside office premise and hours et cetera are issues of governance? It is again a formidable task to consider all process elements in the governance aspect of local government.

The centrality of any local government function is the parameters, process and procedures involved in the decision-making and consensus building in formulating and implementing programmes and projects. Traditionally, the decision making process is confined to local councilors who are administratively appointed; some appointments have political inclination. The public participation and consultation is confined to only on selective issues such as soliciting feedbacks on town plans before being made into gazette, allocation of burial grounds et cetera. The Diagram IV below shows a traditional model used, perhaps worldwide in decision-making process at local government office - Easton’s Black Box Model which highlights prevalence of corrupt practices due to lack of transparency and accountability, inefficiency and irrelevance.

Diagram IV : Easton’s Black Box: Traditional Model

Source: http://www.hawaii.edu/intrel/pols320/Text/Theory/easton.htm

5.4 Now the question is will the Easton Black Box Model type of decision-making process become valid in the wake of information era? If not, with the impact of Internet how would the model evolve? The Diagram IV below shows an envisaged evolution of governance of local government model for the future. At present hardly any local government offices employ this model. The implicit assumption of the proposed Opening The Easton’s Black Box Model is that the on-line connectivity and real time interactivity modes enhances citizenry participation in all aspects of local governance systems.
6. READINESS OF MALAYSIAN SOCIETY FOR E-GOVERNANCE

6.1 Now the next question is, is the Malaysian society ready for such evolution? The Table 1 and 2 below provides surrogate indication on the status of Internet connectivity in Malaysia. In particular, the Table 1 shows that almost all segments of the Malaysian society except those household having an expenditure pattern of less than RM1,000 and below and agricultural occupations has the affordability option through Employment Provident Fund scheme to purchase a standard Internet personal computer. While, the Table 2 indicates the Internet penetration by state, indicating the regional disparity. However, the traditionally more advanced states like W.P. Kuala Lumpur, Selangor, Johor, Melaka and Penang together with Sarawak accounts for 81 percent of total connectivity. The Table also shows the distribution of Internet connectivity by ethnicity, indicating the Chinese on the overall has

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5 Knowledge Management System (KMS) and Citizen Relationship Management System are examples of backend applications.
higher level of connectivity. In particular, Chinese accounted for 65 percent of total connectivity in the country.

Table 1: Affordability Options For Internet Connectivity By Expenditure Class, Occupation of Household Head and Size of Household By Financing Schemes

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Average Monthly Expenditure</th>
<th>Disposable Amount</th>
<th>Option I Open Market Scheme</th>
<th>Option II EPF Scheme</th>
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<tr>
<td></td>
<td>RM</td>
<td>RM</td>
<td></td>
<td></td>
</tr>
<tr>
<td>STRATUM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall</td>
<td>1631</td>
<td>183</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>Urban</td>
<td>1943</td>
<td>230</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>Rural</td>
<td>1270</td>
<td>129</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>EXPENDITURE CLASS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;RM1,000</td>
<td>371-950</td>
<td>16-83</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>RM1,000- RM1,999</td>
<td>1429</td>
<td>143</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>RM2,000- RM2,999</td>
<td>2384</td>
<td>280</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>RM3,000- RM3,999</td>
<td>3401</td>
<td>421</td>
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<td>√</td>
</tr>
<tr>
<td>RM4,000- RM4,999</td>
<td>4367</td>
<td>634</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>&gt;RM5,000-</td>
<td>7457</td>
<td>1151</td>
<td>√</td>
<td>√</td>
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<tr>
<td>OCCUPATION OF HOUSEHOLD HEAD</td>
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<tr>
<td>Professional</td>
<td>2259</td>
<td>289</td>
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<td>√</td>
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<tr>
<td>Administrative</td>
<td>3710</td>
<td>513</td>
<td>√</td>
<td>√</td>
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<td>Clerical</td>
<td>1705</td>
<td>180</td>
<td>x</td>
<td>√</td>
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<tr>
<td>Sales</td>
<td>2008</td>
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<td>x</td>
<td>√</td>
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<tr>
<td>Services</td>
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<td>156</td>
<td>x</td>
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<td>Agricultural</td>
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<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Production</td>
<td>1432</td>
<td>159</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>SIZE OF HOUSEHOLD</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>One</td>
<td>933</td>
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<td>Two</td>
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<td>√</td>
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<td>Three</td>
<td>1496</td>
<td>144</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>Four</td>
<td>1725</td>
<td>189</td>
<td>x</td>
<td>√</td>
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<td>Five</td>
<td>1899</td>
<td>214</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>Six to Seven</td>
<td>1986 - 1885</td>
<td>235-278</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Eight &amp; above</td>
<td>1845 -1962</td>
<td>224-237</td>
<td>√</td>
<td>√</td>
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</table>

Source: Internet Subscriber Study, 2001 : At JARING Counters

6.2 However, the crucial factor in implementing the proposed model of governance for local government does not solely dependent on the connectivity factor but it is the political will and will of the people to engage in a public consultative process to adopt the new system, as it requires fundamental change in the administrative, political and societal thinking. The connectivity parameters only indicate the readiness for embracing new ways of governing society and economy towards enhancing quality of life.

Table 2: Distribution of Internet Connectivity By State and Ethnicity

<table>
<thead>
<tr>
<th>State</th>
<th>Overall</th>
<th>Malay</th>
<th>Chinese</th>
<th>Indian</th>
<th>others</th>
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<tr>
<td>Selangor</td>
<td>17.4</td>
<td>20.8</td>
<td>16.9</td>
<td>25.0</td>
<td>8.9</td>
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<tr>
<td>WP Kuala</td>
<td>16.9</td>
<td>13.7</td>
<td>18.3</td>
<td>18.5</td>
<td>17.8</td>
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<tr>
<td></td>
<td>Lumpur</td>
<td>Johor</td>
<td>Sarawak</td>
<td>Pulau Pinang</td>
<td>Melaka</td>
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Source: Internet Subscriber Study, 2001: At JARING Counters; Numbers shown in parenthesis is sample netted.

7. **MEASURABILITY ASPECT OF GOVERNANCE**

7.1 Can intangibles like governance be measured? Before discussing further, let us see an example on how communication, a tangible item is measured? *Stand First Communications Stewardship Report, INFOSOC Malaysia 2001, 14th-15th June 2001* reports “INFOSOC 2001 has effectively saved RM985,611.62 in advertising costs by securing publicity through media coverage” (Ravindran, 2001). Of this total, the print media value is RM84,411.60 and electronic broadcast media coverage is 901,200. The report says that the rates were computed based on the advertisement rates of each medium – e.g to advertise in Star it will cost RM36 for 1 column X 1 cm advertisement. The print media included Computimes (NST), The Star, New Straits Times, Utusan Malaysia, INFONET Nanyang Siang Pau, In-Tech Star et cetera; similarly, the electronic media coverage includes Radio and television of all Malaysian languages including vernacular media and online media (Alphaque.com, Jobstreet.com) et cetera. The main objective of this example is to quantify media relation, which cannot be done using direct measurement technique. As such, the money spent on advertisement is used as a surrogate measure. The structural framework for this measurement activity is the print media, traditional electronic media and online media. This example simply illustrates before embarking any measurement activity on any intangibles items the objective, structural framework and inter linkages among the domains of study focus as well as record keeping system must be clearly defined. (NITC Directorate INFOSOC 2001).

7.2 Governance is an intangible and abstract item like communication. Like measuring communication in strategic management, governance needs to be defined in development and political context. Accordingly, this exercise identifies the measurability aspect of governance as “manifestations of attributes or variates of governance phenomena”. For instance, the type and number of people participated in the issue-based election; interact with local government management and administration; number of government agencies publish or disseminate on-line information; et cetera.
7.3 Recognizing the prevalence of both traditional system of governance and potential to migrate to information age type governance the measurement system fundamentally addresses two perspectives - how do we measure governance and e-governance. Some aspects of measurement can be employed using ICT, besides using traditional modes of statistical methods.

8. PARAMETERS OF LOCAL GOVERNANCE PARAMETERS AND MEASUREMENT CHALLENGES

8.1 Acknowledging the complexity of the process, this paper proposes to view the local governance activities under the following parameters:-

i) Participation & Consensus Orientation
ii) Rule of Law
iii) Transparency & Accountability
iv) Responsiveness, Effectiveness and Efficiency
v) Strategic vision

The efficiency and effectiveness of these governance systems were not measured, monitored or evaluated. Perhaps, the need to measure the governance system did not arise.

8.2 This prompts one to ponder the sustainability of present governance practices, not only in Malaysia but also across globe. The present governance that is built upon the agricultural and industrials concepts and settings such as farms and factories, elite and proletariat, bilateral and multilateral trade ties; national identity and sovereignty are being challenged. In the past most of the macro measures are confined to economic activities and related key demography and social measures. In the sociopolitical domain most of the public policy work are on policy, strategy and programme formulation and focus area research; very little attention is paid to measure governance aspect. Today, there is a wide recognition of the need for a more systematic measurement of the governance. It is generally acknowledge that for the purposes of policy design and evaluation, development practitioners and public policy formulators need to be able to monitor and measure, as accurately as possible, recent trends and structural shifts pertaining to local governance.

8.3 In the recent years there is a growing demand in public policy making domain for measuring non-economic based activities. Previously, development policies are much dictated by economic driven initiatives which resulted in defining and measuring gross domestic product by sector, price indexes, income and expenditure measures, trade, balance of payment and employment pattern. Recognizing the economic measures alone would not suffice, demographic and social indicators pertaining to population growth, fertility, mortality, migration, education and health were also compiled for effective public policy work. In a way these parameters adequately supported the needs of agriculture and industry developments. With the inception of Internet, the national statistical system is once again at cross road facing basically two fundamental challenges. Firstly, is the present statistical system adequately covers the information age developments? Secondly, what are the new data needs? This paper focuses on second aspect by discussing the issues and concerns as well as challenges in measuring governance in the information era.
8.4 The online connectivity modes and real time interactive features driven by Internet technology integrate ICT, people and institutions. The integration process gives rise to ‘digital governance’, which brings about new changes or in some instances erodes completely the old ways of communication, interaction, learning, doing business transactions and delivery. As such, the governance at all levels changes; systems, roles, rules, rights, responsibilities, procedures, players, actors, champions et cetera are under going changes. The changes are fast becoming ubiquitous and pervasive irrespective of geography and time. Individuals, families, communities, societies, organizations and institutions- formal and informal- have begun to embrace the impact of Internet fearing that they would become less competitive and fall short of quality life. Thus, the new societal and organizational changes warrant the attention of public policy formulators and development practitioners.

9. PARTICIPATION AND CONSENSUS ORIENTATION

9.1 “All men and women should have a voice in decision making, either directly or through legitimate intermediate institutions that present their interests. Such broad participation is built on freedom of association and speech, as well as capacities to participate constructively” (TUGI)

9.2 “Good governance mediates differing interests to reach a broad consensus on what is in the best interest of the group and, where possible, on policies and procedures” (TUGI).

9.3 This definition presumably covers all men and women irrespective of colour, creed, nationality, handicap, disadvantage or any form of marginalization. The definition emphasizes legitimate participation and this poses whether the envisaged “good governance” allows individual participation. The freedom of association and speech as articulated in the definition is within confines to Official Secret Act and Internal Secret Act.

9.4 The constructive participation is difficult aspect to measure because it involves subjective judgment raising a number of fundamental questions such as which is constructive and which not; extent of participation; level of participation; context for participation; does the participation leads to consensus building or not and so on. For instance, at local level individuals may participate in public events organized by government offices like “gotong royong”, family day, sports carnivals, parade, festival gatherings, political talks, religious ‘ceramahs’ and exhibitions cetera. Such participation does not require consensus building. Citizens participate in public events through publicity or by invitation. Moreover, the public events at local levels may not be of wider public interest rather they are specific interest groups. Therefore, the policy formulators and measurement specialists need to exercise discretion and be clear of what aspects of participation are of public policy interest.

9.5 Operationally, to measure and evaluate what kind of people participate in local events is not only tedious as the events could be numerous in a year but requires substantial resource mobilization which has to be matched with the worth of the measures. In a multiracial society like in Malaysia it will be a wonderful idea to collate regular statistics to monitor, evaluate and assess the ethnic participation in a local gotong royong event to study how far and how well national integration or formation of ‘Bangsa Malaysia’ is taking place. But, what is the worth of producing such participation statistics when the country enjoys peace and harmony through existing inter racial relationships programmes and activities. Therefore, the paper considers that the societal participation that involves entertainment, show business and casual
social cohesion not worth measuring. On contrary, efforts are needed to measure individual, institutional and societal participation in formal processes that involves consultation, soliciting views, comments and voting as well as decision making in development activities. For instance, it will be worth an effort to measure and quantify the extent of public participation in making an informed decision and consensus building in formulating and gazette a town plan, addressing education issues, health and environmental matters et cetera. Now the question is what approach and methodology as well models need to adopt in measuring participation leading to informed decisions and consensus building?

9.6 The paper suggests that the measurement activity on decision-making and consensus building to experiment at selected local governments. The suggestion is based on the following rationale:-

i) First of all, political will and commitment at all levels is very crucial to experiment the public participatory and consensus building model in formulating and implementing development projects at local level.

ii) First of all, the local governments must be ready to embark such a project. At present the local governments do not have such a system or practice or culture to solicit public views on most matters though the local governments decisions ultimately affect their lives.

iii) Secondly, the public also must agree and provide consent as well as aware about their participatory rights, terms, process and arrangements in decision making and consensus building in development activities.

iv) Thirdly, due to resource constraints, lack of expertise and low level of preparedness of both public and local governments it is suggested to undertake the proposed measurement activity at local government offices that are equipped with contemporary connectivity and interactivity modes of communication. This is essential to experiment the measurement process digital modes. A preliminary investigation shows that Ipoh, SJ, MPPJ local governments could be top on priority list.

v) In the case of issues based participation the quality of participation warrants due consideration and efforts needed to measure by assigning appropriate weights. The suggestion to undertake weighted participation or voting over an issue sounds wonderful but in practice, it is cumbersome, operationally difficult and can be controversial in multietnic society. Moreover, the weighting system depends on the nature of the issue. For instance, to solicit comments and views about proposed amendments in a town plan a voter having professional qualification can be assigned higher weights compare to a labourer on the premise highly educated person uses better rationality. Even this assumption can be bias in the sense it is possible that educated ones may cast vote for his or her own interest than public interest. Similarly, to equal weights need to be assigned when coming to matters like garbage collection in their neighbourhood, building worship centers, allocating burial grounds et cetera. Countries like in Malaysia extra care is needed in undertaking voting exercise when it involves sensitive matters like religion, culture, traditions and values of various ethnic groups. If by and large the society lacks maturity, there is a strong possibility that
minorities interests and privileges may suffer when the majority population insensitive to the sentiments of the issue.

9.7 Ideally speaking, participation of citizens at local governance processes can be measured if resources are available and worthwhile the effort to measure such items. Measurements system should not be instituted for the sake of having a measurement mechanism, but it must fulfill the strategic interest of stakeholders. Measuring participation at local governance is complex, tedious, time-consuming process and exerts tremendous amount of pressure on resource allocation; illustratively, general election is a good example, despite being run by established machinery. In fact, no countries in the world practice a weighted voting system, which can lead to a lot of controversies in counting and accounting for the votes, when if the process is not handled professionally and in a transparent manner. However, in the present information era where connectivity and interactivity modes driven by Internet are ubiquitous can make the weighted participation system workable provided the political and societal system is ready and willing to adopt and subscribe to such practices. Such a process will demand online and interactive database of potential registrants in a local community. The person records should also furnish demography, social and economic particulars, which will be used to assign weights for conducting an institutionalized participation. Besides that, each member must be ICT and information literate. Weights will be assigned based on the personal traits and characteristics as well as the nature of issues. It is also important to recognize the readiness of a society for such a system. In Malaysia, traditional governance itself very much government controlled and participation of communities are limited; perhaps, controlled on selective basis. The level of computerization and IT literacy among local government offices and citizens are likely to be lower, given the national scenario depicts only 20 percent Internet penetration, which largely concentrated in metropolitans. Thus, the local government offices should thrive to digitize the delivery and transaction of public services before embarking ambitious goals like electronic voting and participation in governance. Since this sort of exercise needs extra care in formulation and implementation, the study needs to be undertaken on experimental basis at selected local government offices.

10 RULE OF LAW

10.1 “Legal frameworks should be fair and enforced impartially, particularly the laws on human rights” (TUGI).

10.2 In Malaysia the Ministry of Housing and Local Government formulates the federal laws concerning local governments. As it is now the local government act 1976 comprise of many laws and by laws ranging from governing food stalls to licensing dogs. Some of the laws may differ among states or administrative units, depending on the local needs and conditions. In practice, the level of implementation and enforcement of laws, as we aware of, too vary greatly for many reasons. In the past, perhaps necessity to monitor and evaluate the rule of law might not have been considered crucial on the premise enactment and enforcement is the emphases.

10.3 The question to be probed about the Local Government Act 1976 is how adequate is the law at federal, state local government level and competencies of implementing agencies at these tier systems in protecting the statutory independence.
However, in the Internet era citizens are becoming more information rich and literate and expressing great concerns of validity and reliability of some of the laws and by-laws of local government entities. Moreover, some of the local government laws are becoming irrelevant and obsolete and due for change. In particular, licensing of Internet cafes and monitoring of its activities are not explicitly stated in the present local government acts. For example, when a person surfs the Internet it is likely to hit unwarranted sites like pornography, teachings of communist ideology, and defamation of religions, which in the present legal system can be amounted to charge for wrong doings. To harness the new phenomena the local government needs to enact and incorporate cyber laws in the local government act for monitoring and evaluating purposes. One aspect that can be measured is the prevalence of cyber laws at local government act and upon implementation how many are charged for various offences, fines collected, prevalence of cyber laws among local governance offices et cetera.

11.0 TRANSPARENCY & ACCOUNTABILITY

11.1 “Transparency is built on the free flow of information. Processes, institutions and information are directly accessible to those concerned with them, enough information is provided to understand and monitor them”. (TUGI)

11.2 “Decision makers in government, the private sector and civil society organizations are accountable to the public, as well as to institutional stakeholders. This accountability differs depending on the organization and whether the decision is external to an organization”. (TUGI)

11.3 The word free flow in the definition indicates dissemination or exchange of information among various parties involved in local governance activities. As indicated in the governance measurement framework, the players are government (local, state and federal), private and non-profit motivated sectors (community interest units, non-governmental organizations, unions, media, worship centers, disadvantaged institutions et cetera) as well international bodies. The nature of relationships that prevail among these sectors need to be established in formulating the measurement activity- official or unofficial, formal or informal.

11.4 The scope of information is another issue to address in monitoring and evaluating the prevalence of transparency. Some information is restricted circulation, while some are highly classified in the context of OSA in Malaysia. Therefore, clarity is needed on the part of public policy formulators what sort of information can be revealed to public and mode of dissemination. For instance, can we disseminate information such as public debts, allocation of tenders, rationale for appointing a town councilor et cetera? Information that is web published can be easily measured.

11.5 Authentication of published information at official sites is an important issue even in traditional processes. For instance, to what extend one can rely on statistical information disseminated by private consulting firms, which focus on market interest compared to data published by official statistical units who focus on public interest? Thus, in probing the prevalence and extend of transparency at local governance level the measurement activity need to probe profile information of various institutions.
11.6 Accountability is understood in the sense that the local government office should systematically and thoroughly explain to the stakeholders and users of local governance services and what their quality is. To some extent this issue has been in debate among development practitioners and moreover seem impractical for implementation. The triviality lies in the fact that how far and how deep to go into this respect? Some players may be interested in even greater details of operational issue and metadata; some so to speak ‘couldn’t care less’. Ideally, speaking the local government office must be prepared to furnish any information sought by public or disseminate in user-friendly manner but impractical to do so; and such problems may pose problem in measuring governance.

12. RESPONSIVENESS, EFFECTIVENESS AND EFFICIENCY

12.1 Responsiveness is defined as “institutions and processes try to serve all stakeholders”. Effectiveness and efficiency collectively defined as “institutions and processes produces results that meet needs while making the best use of resources”.

12.2 The underlying principle in assessing responsiveness is simply how well the local governance institutions react to the needs and demands of its stakeholders and beneficiaries. Similarly, it is also the concern how well the stakeholders and beneficiaries react to the services rendered by local governance institutions. In other words, element of responsiveness involves interaction between at least two parties. The governance framework shown in the diagram illustrates the possible interactions of governance activities. The processes could be internal like the state sending a memo to his deputy or external processes like land office sending a reminder to land lord to pay quit rent in a given time. Based on these two simple examples, it can be rest assured that it is impossible to net, monitor and evaluate all processes. Those processes that are considered strategic and significant need to be identified for measurement. Moreover, the word responsiveness connotes not only interactions but also time frame. For instance, how long it takes for an assessment ratepayer to respond after receiving payment notices? How long does a property developer wait to get approval or views for his plan? Therefore, to measure the responsiveness of a local government office the paper suggests a multiple approach study because it involves many actors and players of differing nature such as rate payers, developers, government agencies, schools, politicians et cetera. The scope of services provided by local government also wide. Therefore, the local government office has to identify and list all the type of services that they provide? Who are the stakeholders and beneficiaries of services?

12.3 Besides estimating the revenue collection for the year, the time factor involved in collecting the said amount is essential for effective financial management, which plays a significant role in resource allocation for carrying out development projects. Efficiency can be measured by determining how fast and in what manner allocations are made and spent. In the present system of reporting, local governments do compile such information for their own use as well as for state and national accounting purposes. Perhaps, the institutional arrangements and availability of resources could affect the efficiency in collating the requisite timely information. However, the difficult aspect or rather sensitive aspect to measure is the effectiveness, which answers fundamental questions like whether the amount of money spent on a project achieve the desired result? Whether the desired results reached the right target group? As indicated earlier, the measurement activity cannot afford to focus on all aspects of local governance in assessing the responsiveness, efficiency and effectiveness. The local government office should identify the important activities.
13.0 STRATEGIC VISION

13.0 “Leaders and the public have a broad and long-term perspective on good governance and human development, along with a sense of what is needed for such development. There is also an understanding of the historical, cultural and social complexities in which that perspective is grounded”.

13.1 Strategic vision is very crucial for modern organizations. In the absence of strategic vision organizations likely go astray from their original purpose of creation and reason for existence. When such things happen sheer wastage of resources likely to take place for carrying out tasks that are not of their purview or not doing things that rightly of their interest. In other words, when the leaders of an organization clearly understand the strategic vision it will help them to steer their organization in particular able to provide guide and advise to their workforce to adhere right direction. Therefore, in terms of measurement the fundamental item need to be explored regarding this item is, first of all whether the organization have a clearly defined strategic vision or not including client charter. Secondly probe is needed how often the leader of the organization uses the strategic vision as a fundamental guiding principle in determining the right direction for the organization. Thirdly, do the workers of the organization at all levels are aware of existence of strategic vision. If they do, how much do they understand the strategic vision so that the workers will know for whom and for what purpose they perform the assigned job and responsibilities? Fourthly, it is also important to find out how often they review the validity of strategic vision so that the functions of organization remain relevant to the stakeholders. In the context of current study it is crucial for local government offices to review their strategic vision and client charter how relevant are their existence and functionalities in the wake of Internet based delivery and transactions of goods and services?

14 PROVISION OF LOCAL GOVERNMENT SERVICES, STAKEHOLDERS AND STRATEGIC PARTNERS

14.1 The foregoing briefly discusses the broad parameters of governance. These are necessary inputs but not sufficient for institutionalizing a measurement structure and framework on governance. Why local government exists; what kinds of services are provided; who are the stakeholders and strategic partners, are the other key issues need consideration. Like in any organization, whether operating in a competitive market place or government agencies or not-for-profit groups that are under growing pressure to be performance-orientated, the centrality of existence is the success measures. The diagram III below shows the generic dimensions and linkages involved in measuring the performance of an organization.

14.2 Measurement of the performance of an organization relates to the impact of its products and services on the society or environment it operates. This environment provides the essential inputs that allow the enterprise to functions, and absorbs from the enterprise the outputs, both intended and unintended, that provides the reason for existence. The extent to which the system inputs, transactions and outputs are in harmony with the environment determines the sustainability of the enterprise (Dransfield et al). Analogously, the local
government exists to provide the ‘third-tier’ public services such as building and maintenance of roads and drains, garbage disposal, public recreational amenities, food and eateries, licensing of business establishments, regulation of infrastructure development et cetera. The local government office is also undertakes revenue collection, in particular assessment, rentals, advertisements and summonses. Indeed, the details of provision of local government services are stipulated in detail in Local Government Act 1976 (Act 171). The local government set up in Malaysia is classified into City Hall (7), Town Council (34) and District Council (103); the table below shows the breakdown. The size of the population is used as the criteria in determining this gazette.

14.3 The list of services provided could differ among local authorities depending on the constitution. Furthermore, the type of service provided is depends on the stakeholders. In the context of local government activities the stakeholders constitute individual rate payers who are concerned about assessment rates, garbage collection, provision and maintenance of public places and amenities et cetera; family is concerned about safety of dwelling home, worship centers, neighbourhood developments et cetera; business community is concerned about licensing, regulatory of infrastructure developments, rates, toll, excise duties and cess collection et cetera.

14.4 In dealing with these various stakeholders the local government offices are apparently involved in multi processes such as collection, communication, licensing, imposing fines and penalty, undertaking registration, enacting laws, marketing, regulatory implementation, document authentication, installation, asset management, building works, exhumation of corpses, abating nuisances et cetera.

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6 Federal government provides the first tier public services.
15. **The Way Forward**

15.1 The parameters of governance and its functionality linkages and components at local government level indicate that measuring local governance performance need to be undertaken in modules requiring differing scope, coverage, strategy and approach. As illustrated in the Diagram IV above, the measurement activities constitute three zones, namely strategic level providing success measures pertaining to community, business, customer, people and strategic partners. At tactical level the measurement constitutes key performance indicators and process measures at operational level. However, various local governance functions are quite difficult to distinguish according to the strategic, tactical and operational zones. Recognizing the difficulty, the paper proposes a number of modules for embarking the measuring local governance, as follows:-

**Module 1:** "Knowledge, Awareness, Satisfaction and Perception (KASP) About The Provision of Local Government Services: Household Approach".

15.2 One of the ultimate recipients of local government services is the ratepayers or individual citizens and their families. It is very essential that this group of people is aware of the roles, responsibilities and functionalities of local government system, which constitute the duly appointed local councilors and administrative staff. Besides measuring awareness, it is also paramount important in measuring the level of knowledge, satisfaction and perception about the type and quality of services that local government office renders to its customers. For geographical and time series comparisons the study requires probability-sampling approach – a stratified random scheme using household approach.

**Module 2:** "Knowledge, Awareness, Satisfaction and Perception (KASP) About The Provision of Local Government Services: Establishment / Organization Approach".

15.3 The local business communities constitute another important component in receiving the local government services. Like in the case of household, the business community also need to be probed KASP about the services rendered by local government offices.

**Module 3:** “Status and Performance of Local Government Offices Capacity and Capability”

15.4 The overriding goal of a business is to stay in business (Dransfield et al,1999). While, in the case of local government entities in Malaysia, the problem is not the question of staying in business. By virtue of being public machinery, such entity will stay in business. But, the concern of any local government performance is provision of quality services in an efficient and effective way as well as responsive to its stakeholders and customers. As we know from management practice that performance of an organization is dependent on the environment where it operates but also in house capacity and capability are equally important. Therefore, periodic studies also needed to assess the institutional capacity and capability of local government offices. Such evaluation is essential before assessing and benchmarking the performance of one local authority against another or other best practices, as they may not be in equal footing. The comparison exercise may require some kind of index compilation,
which needs careful consideration in terms of parameters and variable selection. This exercise also may require full coverage of all local government offices for furnishing regular reports. Moreover, for meaningful comparisons the local authorities need to be classified using criteria such as population size, revenue collection and expenditure pattern. This paper attempted the classification of 145 local authorities so that within a stratum the units are considerably homogeneous, as shown in appendix I.

Module 4: Focus Areas Studies: Activity or Areal Based

15.5 Besides institutionalizing on-going type of studies as discussed briefly highlighted under modules 1 – 3 above, some aspects need to be probed using specific approach. For instance, measuring items like corruption, transparency, consensus building et cetera requires specific approach, techniques and methodology. In undertaking such measurements especially involving the sentiments and sensitivities the cooperation of the organization concerned is crucial. In some cases specific models only can be employed to provide the requisite measures. For example, game theory model is used in measuring the consensus building over an issue, which may involve two or more people in the process and moreover, such studies require intense data collection element and mathematical modeling. As such, focus areas studies can be used to develop indicators such as Corruption Index, Transparency Index, Societal Participative Index, Quality of Life Index, Human Development Index et cetera. For index compilation a number of standard methodologies are available for use.

16 Conclusion

16.1 Being a new statistical activity with limited work done around globe, the paper from onset acknowledges a number of main challenges in institutionalizing the measurement aspects of governance at local government level. Firstly, the whole governance system is embracing structural changes in the context of information age, marked by the inception of Internet worldwide. As such, the impact of Internet on society, economy and politics demands review and realignment of governance system in all sectors and spheres of life. Among these, the need to embrace new governance system driven by digital mode at local government level is of paramount importance, as they are directly involved in the provision of ‘third-tier’ public services. Secondly, a typical family in Malaysia has the affordability via EPF withdrawal scheme to opt for purchasing a standard Internet PC, indicating the level of readiness to go on-line for soliciting or transacting public services is on the rise. Thirdly, the ease access and use of Internet in a way ‘compels’ or facilitates the greater participation of citizens of the country in public decision making processes. The increasing incidence of public participation in surfing for government information and downloading on-line forms in a way puts pressure on public sectors to introduce more services to go online. Fourthly, the paper briefly explains the evolution of governance systems during the agro-industrial age and the possible emergence of multidimensional governance in the information era and the need for opening the Easton’s “black box” way of carrying out public decision making processes. Fifthly, the paper cautions that the political will is very crucial in embracing the new governance model at local government, which entails deep-rooted traditional power structure. However, the anticipated migratory process is likely to be incremental and therefore, some aspects of implementation can be tested on experimental basis before emulating nationwide. Sixthly, like in any new statistical activity the measurement aspect of governance too requires a comprehensive conceptual and measurement framework as well as systematic mechanism for implementation. This requires a great deal of effort, resource allocation and institutional
support as well as political support. Indeed, the political support is the most crucial factor in embarking the proposed measurement activity. The support is very much needed not so much on statistical activity rather to facilitate the local government system in the country to migrate to new way of doing business that the information age demands. Again, it requires a great deal of mindset change at all levels and all actors in the local government system including the public. Lastly, but not the least statistical thinking on the part of statistical community and appropriate political and administrative thinking on the part of policy formulators are crucial in embarking new types of measurement.

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This paper by Ramachandran and Sean Ang aims to investigate the issue of measuring governance at the local government level in Malaysia especially in the context of information age. Contributed by Andrei Sakalou on 29 May, 2003